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RUEHMO/AMEMBASSY MOSCOW 1849

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RUEHMT/AMCONSUL MONTREAL 0460

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RULSDMK/DEPT OF TRANSPORTATION WASHDC

UNCLAS SECTION 01 OF 02 THE HAGUE 000177

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SUBJECT: DUTCH VIEWS ON INCLUSION OF INTERNATIONAL AVIATION IN THE EU'S EMISSIONS TRADING SCHEME

Ref: STATE 1023

THE HAGUE 00000177 001.2 OF 002

**¶11.** (U) Summary: The GONL supports the EU's decision to include international aviation in the Emissions Trading Scheme (ETS) in **¶2012.** At the same time, the GONL would like to see the issue concurrently being addressed on a global scale, largely through the International Civil Aviation Organization (ICAO) and even within the UN Framework Convention on Climate Change (UNFCCC) if possible. Amsterdam-based KLM and Northwest/Delta airline officials prefer a global solution, and KLM has concerns that third countries such as China and Russia could retaliate against EU carriers in 2012.

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GOVERNMENT PERSPECTIVE  
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**¶12.** (SBU) On February 4, 2009, Senior FAA Rep and Econoff held introductory meetings with Dutch Transport Ministry aviation officials Ellen Bien, Director for Civil Aviation, Michael Lunter, Deputy Head for International Affairs Civil Aviation and Market Access, and Jan Busstra, Head of Unit Civil Aviation Safety and Security Department. Drawing on reftel points, Emboff raised U.S. concerns over the EU's inclusion of international aviation in its ETS beginning in 2012. While the Transport Ministry officials stated that the GONL would prefer an international solution to aviation greenhouse gas (GHG) emissions rather than having the ETS imposed on third countries, the GONL ultimately supports the EU's position. In this regard, the GONL supports working toward a solution within the ICAO's Group on International Aviation and Climate Change (GIACC). The Transport Ministry officials added that addressing aviation GHG emissions at the upcoming December Copenhagen Summit on the UNFCCC, as the EU is proposing, would only enhance the international process. At the same time, they are not optimistic about the prospects of aviation making the UNFCCC agenda in Copenhagen because of resistance from Brazil and China.

**¶13.** (SBU) Separately, Emboffs met February 10 with key members of the Dutch climate change team: Sanne Kaasjager from the Ministry of Foreign Affairs, and Gerie Jong from the Environment Ministry. (Note: Kaasjager is one of two Dutch officials who will represent the GONL at this year's climate negotiations. End note.) Kaasjager and Jong stated that the GONL would like the UNFCCC to set global targets for aviation and maritime emissions but leave implementation and technical details to the ICAO and the International Maritime Organization (IMO). According to Kaasjager and Jong, the GONL and the EU were frustrated that the ICAO and the IMO "have not been performing" quickly enough to establish their own emission trade

systems. The GONL agreed in principle that aviation and maritime emissions should be subject to a global system rather than a regional, EU one. However, the GONL sees the inclusion of aviation in the EU's ETS not as undermining the ICAO process but as a way "to put pressure on the United States."

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INDUSTRY VIEWS  
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¶4. (SBU) Emboffs met February 2 with senior KLM officials Willem de Jonge, Vice President of Government and Industry Affairs, and Michiel Laumans, Director of European Affairs (Brussels office), to discuss a wide range of industry issues. Taking into account the U.S. position as the EU's largest trading partner and other third QU.S. position as the EU's largest trading partner and other third country carriers' concerns, KLM supports a global solution to tackling aviation GHG emissions. While KLM recognizes that its flights to the United States will not be in jeopardy due to the impending ETS coming on-line in 2012, KLM does have concerns that other countries such as China and Russia could retaliate in some capacity against EU airline carriers. Moreover, KLM indicated that it had fought hard for a workable ETS, and while the current one approved by the EU is not perfect, KLM is not opposed to it in principle. KLM believes the EU Commission was far too aggressive in its early considerations of aviation in the ETS, but KLM and other airlines' lobbying efforts in Brussels succeeded in watering down the end result, particularly surrounding the auctioning of GHG permits which KLM concedes could had been far worse. At present, KLM continues to have concerns about how the ETS will be implemented.

¶5. (SBU) In a December 18, 2008, meeting, Patricia Epting, Managing Director, Atlantic Region, Northwest/Delta Airlines, told Emboffs that the ETS is a huge concern for her airline and if implemented,

THE HAGUE 00000177 002.2 OF 002

would make it financially unfeasible for her airline to operate certain routes. Epting argued that there needs to be a global regime governing aviation GHG emissions, not one that is European-specific and imposed unfairly on third parties.

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COMMENT  
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¶6. (SBU) The GONL would prefer a global solution to aviation GHG emissions rather than a European one. But as a supporter of EU consensus on this issue, the Netherlands will not publicly criticize the inclusion of international aviation in the ETS. Working quietly with the Dutch (both government and industry) to prod the EU toward a global solution will be the most effective bilateral strategy. Further, the Europeans in ICAO recently nominated Mark Dierikx, the Dutch Transport Ministry's Director General of Civil Aviation and Freight Transport, to replace UK rep Peter Griffiths on the GIACC. If Dierikx is confirmed, the Dutch will assume a bigger role in this debate.

GALLAGHER